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DataTrack 8

Eighth in a series of reports which compile and interpret statistical information of direct concern to life insurance executives

1981

A POPULATION PROFILE:

THE 1980's AND BEYOND

A Note About Projections

DataTrack 8 presents population projections which were developed by the government and other sources. Because of the conjectural nature of population projections, two thoughts might help in understanding and using such figures:

1. There are numerous ways of arriving at population projections and each might be defensible for different purposes. Basically, a projection is calculated in two stages: an analysis of the historical path of the trend and an educated guess of how factors influencing the trend might change in the future. The basis of the historical analysis, for instance, could include data for the years 1950 through 1979 or 1970 through 1979, each conceivably resulting in a different conclusion. Also, assumptions about future events could vary. For example, the Census Bureau offers numerous projections of population size based on assumptions about births, deaths and immigration. Each projection is calculated by a different forecast of the average number of births a woman will have in her lifetime — from 1.7 children in the lowest forecast to 2.7 in the highest. Thus, a general understanding of the assumptions behind any projection is necessary when evaluating the usefulness of the statistic. DataTrack provides selected information on the assumptions behind different projections. Further details can be obtained through the data sources identified in this report.
2. Many factors which influence projections are volatile and unpredictable. Future shifts in public attitudes, public policies, natural resource availability, global politics, new technologies and other events could produce a turnabout in trends with great consequences. The most notable reversal of a trend in recent decades was the post-World War II baby boom, whose magnitude and duration defied earlier forecasts.

Two Census Bureau demographers recently gave the following advice to users of projections:

> . . . Perfection remains beyond the grasp of anyone in the projections business. This is why it is important to understand the limits of projections, the kinds of assumptions that are behind them, and where their weaknesses lie. Population projections are then valuable guides to the future.*

*Gregory Spencer and Signe Wetrogen, "Projecting the Census," *American Demographics*, April 1981.

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DataTrack 8

A Population Profile: The 1980s And Beyond

Public speculation about the future is always heightened at the beginning of a new decade. Yet the 1980s seem to have been greeted with even more than the usual interest in the future. *DataTrack*—which usually presents a historical perspective of social trends—takes a forward look as well in this report.

The life insurance product and business are deeply intertwined with many aspects of American life. Changes in society will continue to have a definite impact on the future of the business. Population changes are forced upon us, but many—like shifts in the age makeup of the population—give ample warning. An important strategy of corporate planning is identifying the possible future trends that may affect the business.

An important trend in the years ahead is the continuing impact of the post-World War II baby boom. From 1946 to 1964 some 76 million babies were born—26 million more than during the previous 19 years. The significance of the baby boom lies not only in its large numbers but also in its size in relation to generations before and after it. Sandwiched by two much smaller cohorts—that of the Depression era of the 1930s and the "baby bust" of the mid-1960s and 1970s—the baby boom's influence on society is disproportionately strong. Just as the last three decades were riddled with the problems of educating and employing the baby boom, so the 1980s will be marked by such imposing questions as how to provide enough meaningful work and promotional opportunities for baby boomers.

Along with the aging of the baby boom, other major demographic trends of the 1970s are reviewed in *DataTrack* 8. An outlook is presented in several key areas: population growth; age, racial and ethnic characteristics; geographic residence; household patterns; labor force participation; and income. For further information on past trends, see previous *DataTracks*. Additional discussions of future demographic trends can be found in the American Council of Life Insurance's Trend Analysis Program (TAP) reports and in other sources listed in the bibliography of this report.

DataTracks have various applications in life insurance businesses:

- General information sources for decision makers in marketing, corporate planning, and advertising.
- Training or educational resources for agents, managers and others.
- Background for speeches, written reports and company publications.
- Public relations material.

SUMMARY

Important issues confronting business today and in the future almost always involve a population dimension. Changes in market characteristics, shortages in certain labor pools and many other industry concerns are set in motion by demographic trends such as shifts in birthrates or regional migration patterns. The task of forecasting societal changes and their impact on business is always risky. Corporate planners, however, can feel a greater degree of confidence in projections of demographic certainties than in predictions of attitudinal change or turns in the economy.

DataTrack 8 identifies the major demographic characteristics of American society in the decades ahead. The following are some highlights:

Population Growth

- The American population will continue to expand during the 1980s at a rate slightly higher than that of the last decade.
- Young women today expect to have fewer children than women of previous generations. Nevertheless, this decade will see a rise in the number of births because of the considerable number of women who will be of childbearing age.

Age and Race

- A key development of the 1980s will involve the maturation of the post-war baby boom youth culture into an adult society, with 35- to 44-year-olds the fastest growing age group.
- The number of older Americans (65 years and over) will increase from 25 million in 1980 to 32 million in 2000. Also, more older persons are expected to be above 75 years of age in the future than in previous decades.
- There will be substantially fewer teens and young adults in the 1980s than in the 1960s and 1970s.
- Black and Hispanic populations have higher fertility levels and are younger on average than Whites. This fact coupled with high levels of legal and illegal immigration from Latin American countries suggest that Hispanics and Blacks, though still in the minority, will make up a larger share of the U. S. population in the years ahead than they do now.

Residence

- Most of the country's population growth in the 1980s will take place in the South and the West as it did in the 1970s.
- The next decade will most likely see a continued increase in non-metropolitan and suburban residents and a decrease in central city populations.

Households

- The number of households has been growing at a rate faster than that of the population, a trend likely to continue through the 1980s.
- Proportionately fewer households in the 1980s will be composed of married couples and more of individuals—especially older persons—living alone or with unrelated persons.

Employment

- Growth in the labor force over the next 15 years will not match the tremendous increase of the last decade. The "baby bust" children will produce a smaller pool of entry level workers in the 1980s than the post-war baby boom did in the 1970s.
- The work force of the 1980s will be older, more experienced, and will be composed of relatively more women and minorities than in previous years.
- Increasing numbers of married women, particularly those with children, will be a part of the labor force in the next decade.
- America will have proportionately more workers and fewer persons dependent upon them for the next several decades. But the ratio of dependents to workers will swell once again as the post-war baby boomers begin to retire in the 21st century.

Income

- Of all households, those with incomes $25,000 a year and over (in constant dollars) will increase more rapidly in the next 15 years than households with less income.

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POPULATION GROWTH

1. The American population will continue to expand during the 1980s but at a rate only slightly higher than that of the last decade.

As the decade of the 1970s opened, 209.7 million persons were living in the United States or were with the Armed Forces abroad. This number grew to 227.7 million by 1980, yielding an average yearly percent increase of 0.83%.

The Census Bureau's mid-level projections[1] of population in the 1980s suggest a higher annual growth rate of 0.94% for the first half of the decade, receding somewhat in the latter half. Population growth, according to the mid-range figures, would slow dramatically in the 1990s, dropping to 0.59% at the threshold of the new century.

Table 1.

U.S. Population, 1976-2000 (including Armed Forces overseas)

	Number (in millions)	Average Annual % Increase from Previous Date
April 1970*	209.7	—
Projections (as of July 1)**		
1980	227.7	.83
1985	238.6	.94
1990	249.4	.89
1995	258.7	.74
2000	266.5	.59

*Adjusted for net Census undercount of approximately 5 million persons in 1970.

**Based on Census Bureau mid-level projection—which assumes a fertility level of 2.1 children per woman—and adjusted for net 1970 Census undercount.

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-25, No. 721 and unpublished data.

A reliable projection of population growth rests on accurate forecasts of three factors: births, deaths, and net immigration. A certain amount of unpredictability is built into the forecast of the future course of all three components of population change. A sharp increase among political

[1]The U. S. Census Bureau prepares three series of population projections based on different assumptions about the number of children women will bear. The mid-level Series II projection for the final two decades of this century, made in 1977, resulted in a fairly close approximation of the actual 1980 Census count. This projection series assumes women will have an average of 2.1 children, a number consistent with recent findings of a government survey on birth expectations of young women. (See page 8.)

refugees from foreign shores or illegal immigrants, for example, could affect population growth dramatically in areas of the country where certain immigrant groups cluster. Events such as a widespread flu epidemic or breakthroughs in the control and treatment of certain diseases would likewise alter current forecasts of population increase. Some experts feel the most uncertainty in the years ahead lies in the number of children who will be born.

2. Childbearing decisions of the baby boom generation will have profound consequences for population growth in the next decade.

Birth rates have been on a general downward path throughout American history with few exceptions, like that of the post-World War II baby boom. After the war, the drop in the birth rate accelerated to an historical low of 14.7 births per 1,000 persons by 1976. This was especially noteworthy in light of the rising number of baby boom women entering their childbearing years in the late 1960s and 1970s. During that period, there was an increased tendency for young women to postpone marriage and the birth of their first child. In fact, a smaller proportion of women born during the years 1950 through 1954 had given birth to their first child by the age of 27 than had any other age cohort of women since 1920. Of women born between 1950 and 1954, 61% had a child by the time they were 27 years old, compared to 78% of those born from 1935 to 1939. (See Figure 1.)

The answer to the question of how many children will be born during the 1980s will largely depend upon the decisions of the post-war baby boom generation, all of whom will be in their childbearing years, ages 15 to 44. In 1985, 55 million women will be of childbearing age, according to government projections — 16 million more than in 1965.[2] Due to the greater number of childbearing age women, an echo effect from the baby boom is expected, which could expand the recent number of 3.4 million births per year[3] to possibly over 4 million at some time during the 1980s. (See Figure 2.)

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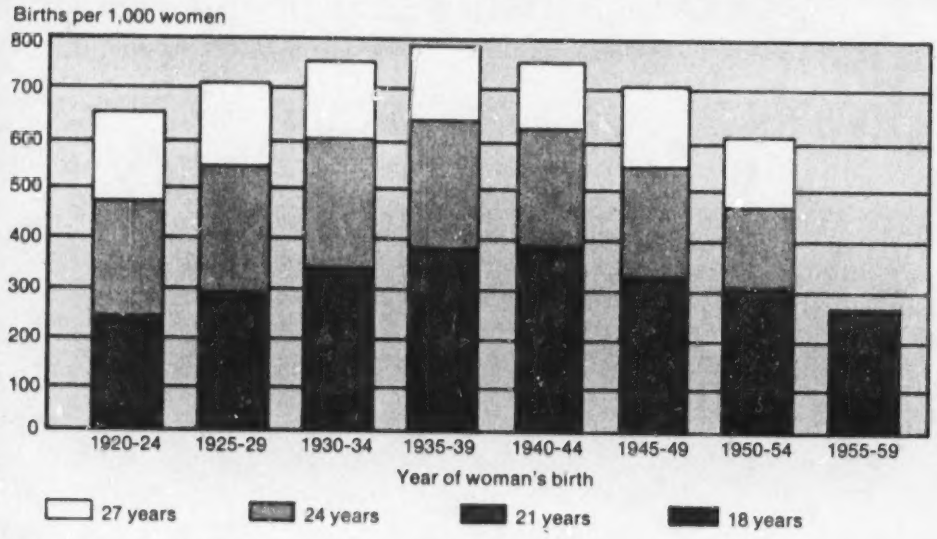
[2]U.S. Bureau of the Census, *Current Population Reports*, Series P-25, No. 704.

[3]From July 1978 to June 1979, the most current available data.

Figure 1.

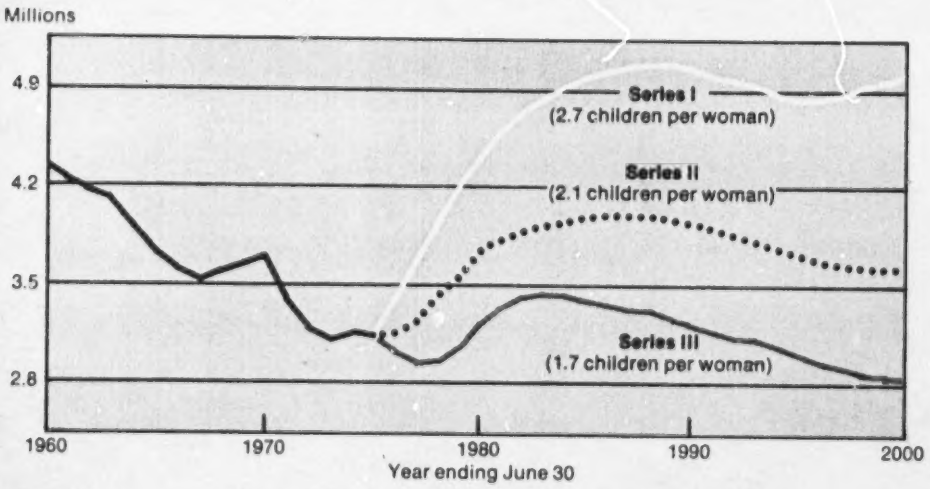
First Births Per 1,000 Women for Women Born from 1920 to 1959



SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-20, No. 358.

Figure 2.

Estimates and Projections of Annual Number of Births in U.S., 1960-2000



SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-25, No. 889.

It is not clear, however, how many children each woman will decide to have and there remains much debate about the size and duration of a "baby boomlet." One clue to future trends in fertility can be found in the total number of children women say they would like to have. The average number of births expected by married women 18 to 24 years of age is down from 2.9 births, according to a 1967 survey, to 2.2 births in 1979, a number fairly stable since the mid-1970s. Figure 3 below outlines some of the major factors which could influence two different future fertility trends.

Figure 3.
Some Possible Influences on Two Future Trends in Fertility

Fertility Decline and Stabilization

- Continued preference by young married women for small families (near replacement level fertility of 2.1 births per woman).
- Changing economic role of women: greater employment of women and acceptance of women working outside the home, increasing educational attainment of women and stronger career attachment.
- Continued postponement of marriage and childbearing.
- Increased proportion of women remaining childless.
- High levels of inflation.
- Change in economic value of children from source of income to income drain.
- Increased use of effective methods of birth control, including voluntary sterilization.
- Strong concern for the environment, resource scarcities and overpopulation.

Fertility Increase

- Better economic and employment situation for "baby bust" cohort (because of their smaller size compared to baby boom cohort) might encourage earlier marriage and larger families than that of baby boom generation.
- Conservative thrust of legislatures and courts to further limit or eliminate public funds for abortion, contraceptives and family planning programs.
- Increased availability of child care for women employed outside the home.
- Larger proportion of racial and ethnic minorities in the U.S. population with higher birth rates than those of White women.
- More traditional attitudes of younger cohorts toward marriage and childbearing.
- Increased incidence of strong religious commitment.

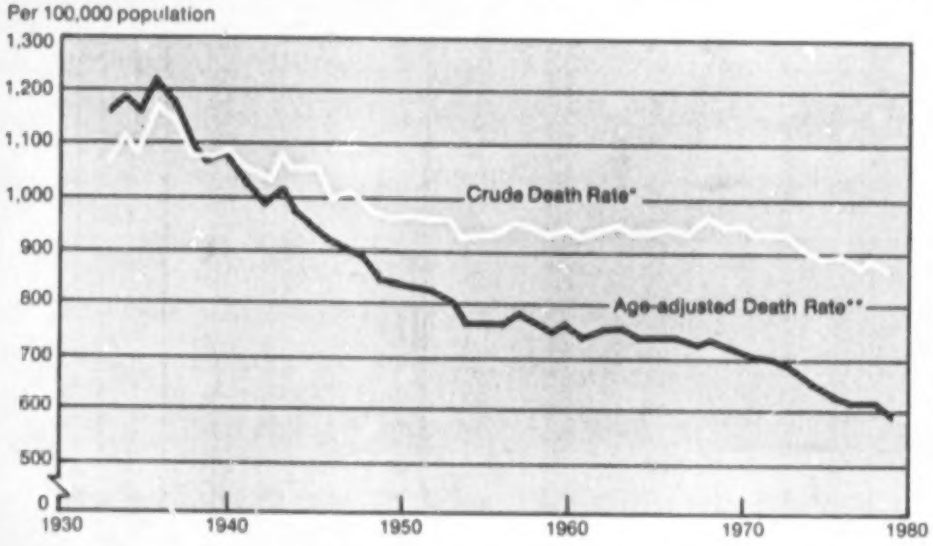
3. Mortality rates may decrease at a quicker pace than originally anticipated for the 1980s.

One of the assumptions factored into the Census Bureau's projections of

the U.S. population is that the slow and steady drop in death rates of the 1950s and 1960s would continue over the next few decades. (See Figure 4.) The increasingly rapid decline in death rates during the latter half of the 1970s raises questions about the accuracy of these future mortality assumptions. Between 1951 and 1973 death rates fell at an average yearly rate of .4% for men and 1.1% for women. From 1974 to 1977, however, death rates declined 2.4% per year for men and 2.9% for women. By 1978 (the year the latest data available by gender), the age adjusted death rate for men stood at 802.8 per 100,000 population down from 931.6 in 1970. Women's age adjusted death rate in 1978 was 447.0 compared to 532.5 in 1970.

Figure 4.

Crude and Age-Adjusted Death Rates, 1933-1979



*Number of deaths per 100,000 population.

**Number of deaths per 100,000 population, adjusted for changes and variations in the age of the population.

NOTE: 1979 data are provisional figures based on a 10% sample of death certificates.

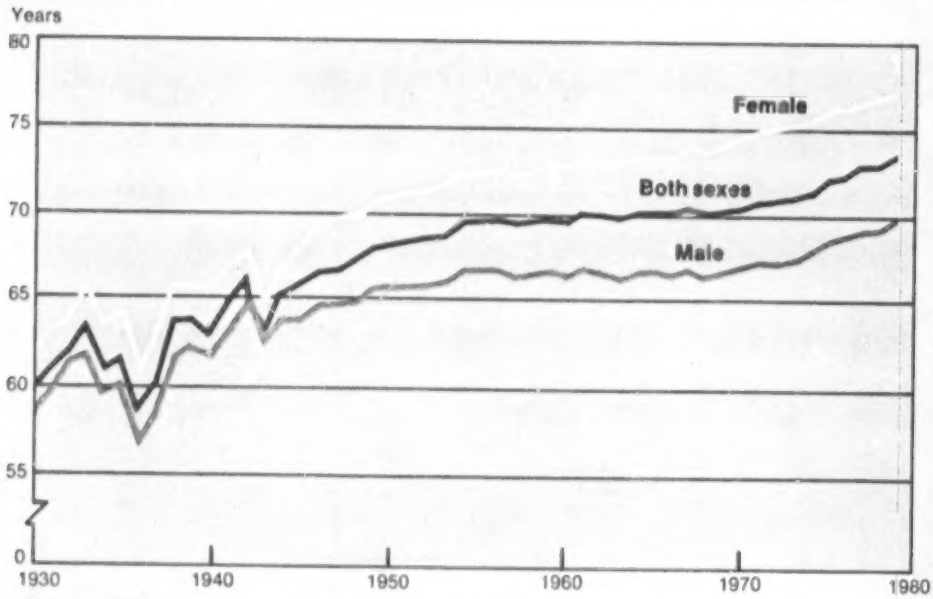
SOURCE: National Center for Health Statistics, *Monthly Vital Statistics Report*, Vol. 29, No. 6, Supplement (2) and Vol. 28, No. 13.

Life expectancies also improved dramatically during the 1970s, as shown in Figure 5. A baby girl born in 1979 can expect to live an average of 77.5 years; her counterparts born in 1970 and 1960 could expect to live 74.8 years and 73.1 years respectively. A baby boy born in 1979 is expected to live 69.9 years on average, compared to 67.1 years if he were born in 1970 and 66.6 years if born in 1960. The gap between men's and women's life

expectancies has been widening over the years but there is some disagreement among the experts about the future course of this trend.

Figure 5.

Life Expectancy by Sex, 1930-1979



NOTE: 1979 data are provisional figures based on a 10% sample of death certificates.

SOURCE: National Center for Health Statistics, *Monthly Vital Statistics Report*, Vol. 29, No. 6, Supplement (2) and unpublished data.

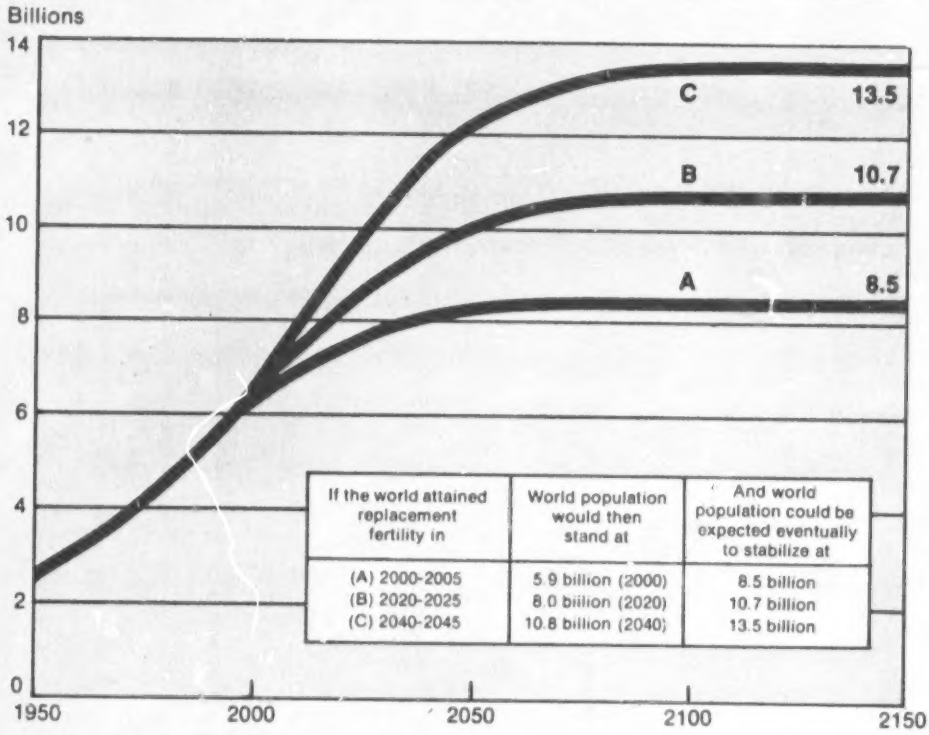
4. Population experts anticipate a slowing of growth rates in all areas of the world except Africa.

The world's population could rise from an estimated 4.5 billion in 1980 to around 6 billion by the year 2000. The long term outlook in developed countries is zero population growth. Several European countries—Austria, West Germany, Luxembourg—already have more deaths than births recorded each year and other countries are heading in this direction.[4] Some governments, perceiving a threat in the decline of the native-born population, have instituted pro-natalist programs such as extended parental work leave, reduced work schedules for mothers, and financial incentives for families. Population in developing countries, on the other hand, is expected to rise 50% by the year 2000.

[4] *1980 World Population Data Sheet*, Population Reference Bureau, Inc., Washington, D.C.

Figure 6.

Momentum of World Population Growth, 1950-2150



SOURCE: W. Parker Mauldin, "Population Trends and Prospects," *Science*, Vol. 209, July 4, 1980. Copyright 1980 by the American Association for the Advancement of Science.

AGE AND RACE

1. The largest and fastest growing age group during the 1980s will be the 35- to 44-year-olds who will gain over one million members each year.

Perhaps the most reliable forecast a demographer can make is that of the age structure of the population. While sudden shifts in birth or death rates would alter population age projections to a certain degree, persons making up the adult population for the rest of this century already have been born, a fact which betters the accuracy of projections.

A key development of the 1980s will involve the maturation of the baby boom youth culture into an adult society: the post-war generation will

settle into middle age. By 1990, almost one-third (32%) of the population will be 25 to 44 years old, compared to about one-fourth (24%) who were in this age group in 1970.

There will be substantially fewer teens and young adults in the 1980s than in the 1960s and 1970s. The number of persons between the ages of 15 and 24 years will drop from 42 million, or about 19% of the population in 1980, to 35 million or 14% of the total population in 1990.

The profile of older Americans (65 and over) will change somewhat in the next two decades as their numbers increase from 25 million in 1980 to 32 million in 2000. More older persons—in both number and proportion of total population—are expected to be above 75 years of age than in previous decades. Also, greater proportions of women will be among the nation's elderly in the future than today if the gains in life expectancy among women continue to outpace those of men. In 1980, there were an estimated 67.0 men 65 years and over per 100 women. By the year 2000, the projected ratio is 64.8 men per 100 women in the older age group.

Table 2.

U.S. Population by Age Group, 1970-2000

		Mid-Level Projections*		
	1970 %	1980 %	1990 %	2000 %
Under 5 years	8.5	7.3	8.0	6.9
5-14 years	19.9	15.2	14.6	15.0
15-24 years	17.6	18.5	14.1	13.9
25-34 years	12.5	16.5	17.1	13.4
35-44 years	11.4	11.6	15.1	16.0
45-54 years	11.3	10.2	10.3	13.7
55-64 years	9.1	9.5	8.5	8.9
65-74 years	5.9	6.7	7.1	6.5
75 years and over	3.8	4.4	5.1	5.7
Total (percent)	100.0	100.0	100.0	100.0
Total (number in millions)	209.7	227.7	249.4	266.5

NOTE: Figures for 1970 as of April 1 and as of July 1 for other years. Data for 1970 and projections were adjusted by the U.S. Bureau of the Census for net 1970 Census undercount. Percentage may not total 100% due to rounding.

*Based on assumption of average number of 2.1 births per woman.

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-25, No. 870 and unpublished data.

Population Pyramids, 1970, 1980, 1990, 2000

Figure 7. 1970

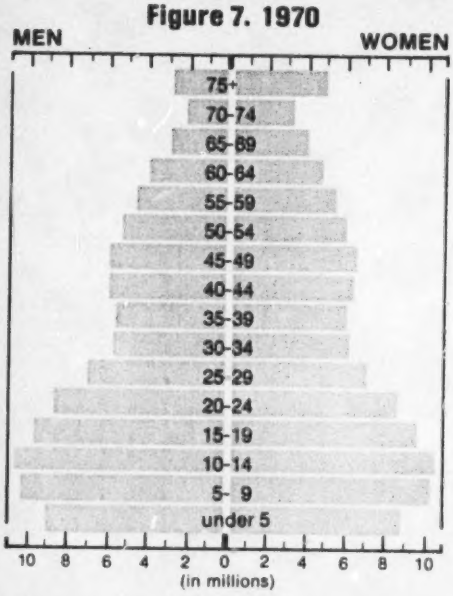


Figure 8. 1980

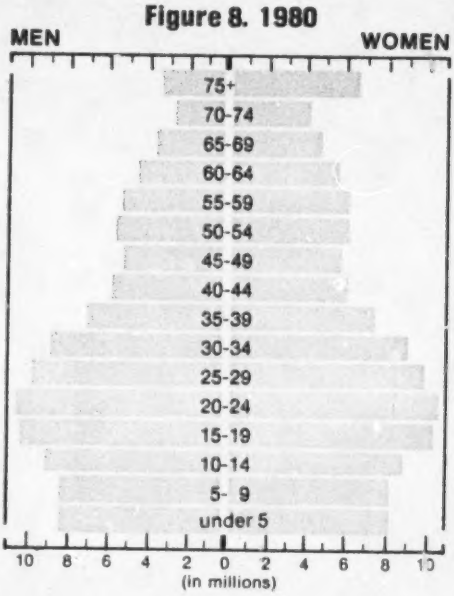


Figure 9. 1990

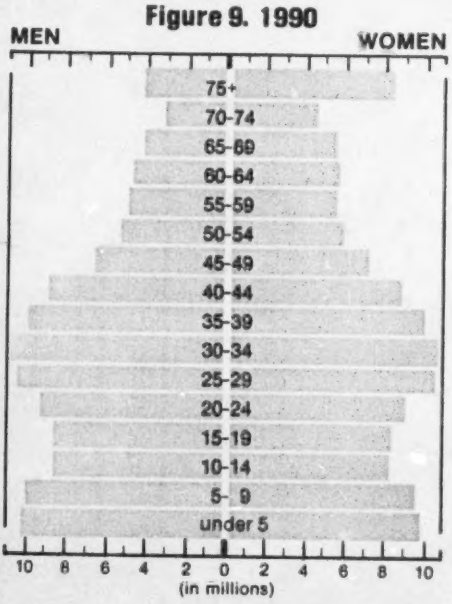
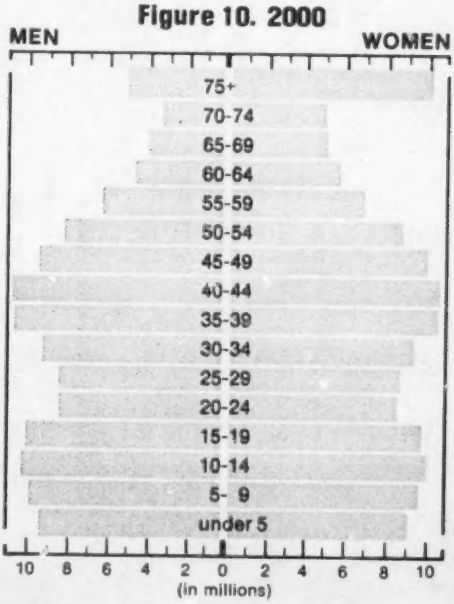


Figure 10. 2000



SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-25, No. 870 and unpublished data.

2. If recent trends continue, Blacks and Hispanics will represent a larger proportion of the U.S. population in 1990 than today.

In 1970 Blacks represented 11.1% of the population and Hispanics 4.5%. Preliminary figures from the 1980 Census show the proportion of Blacks in America at 11.7% and Hispanics at 6.4%.

Some of this increase can be attributed to the Census Bureau's attempt to count more accurately the nation's racial and ethnic minority populations in the 1980 Census than in any previous Census. The undercount of Blacks in 1980 is estimated to be about 5%, compared to 7.7% in 1970.

Another factor in the increase in minorities is the relationship of their fertility levels to those of the majority White population. Although fertility rates for all groups were lower in the late '70s than in the beginning of the decade, the rates for minority groups continue to surpass those of Whites. In 1979, for example, the general fertility rate for Black women ages 18 to 44 was 85.7 births per 1,000 women compared to 119.2 births per 1,000 women of Spanish origin and 74.2 births for White women.

Table 3.

U.S. Population by Race and Hispanic Origin, 1970 and 1980

	Percent Distribution	
	1970	1980
Race		
Black	11.1	11.7
White	87.5	83.2
Other	1.4	5.1
Hispanic Origin		
Persons of Hispanic Origin*	4.5	6.4

*Can be of any race.

SOURCE: *U.S. Department of Commerce News*, February 23, 1981, No. CB81-32.

RESIDENCE

1. The South and West will account for most of the country's population growth in the 1980s if recent trends in population redistribution continue.

The decade of the 1970s was marked by substantial growth in the Southern and Western Regions. Combined, these two areas housed the majority of U. S. residents for the first time in U.S. history. Population increases in these two major areas accounted for 90% of the nation's

population growth between 1970 and 1980. The population grew the fastest in the Western Region, up 24% from 1970 to 1980. Numerically, it increased the most in the South, which added 12.5 million persons.

Table 4.

Resident Population of Regions and Census Divisions, 1970-2000

	Numbers (in thousands)			
			Series II-B Projections+	
	1970*	1980	1990	2000
Northeast	**49,061**	**49,137**	**51,796**	**53,152**
New England	11,847	12,348	13,600	14,449
Middle Atlantic	37,213	36,788	38,196	38,703
North Central	**56,590**	**58,854**	**61,361**	**63,307**
East North Central	40,263	41,670	43,260	44,398
West North Central	16,328	17,184	18,101	18,909
South	**62,813**	**75,349**	**83,507**	**92,402**
South Atlantic	30,679	36,943	42,727	47,949
East South Central	12,808	14,663	15,526	16,661
West South Central	19,326	23,743	25,254	27,792
West	**34,838**	**43,165**	**46,341**	**51,009**
Mountain	8,290	11,368	12,936	14,732
Pacific	26,548	31,797	33,405	36,277

NOTE: Figures may not add to totals due to rounding.

*Does *not* include adjustments for net Census undercount of approximately 5 million persons.

+Series II-B projections are based on 1970-75 migration trends and on the 1970 Census count.

STATES BY REGION AND CENSUS DIVISION:
NORTHEAST REGION—New England Division: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. **Middle Atlantic Division:** New Jersey, New York, Pennsylvania. **NORTH CENTRAL REGION—East North Central Division:** Illinois, Indiana, Michigan, Ohio, Wisconsin. **West North Central Division:** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota. **SOUTH REGION—South Atlantic Division:** Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia. **East South Central Division:** Alabama, Kentucky, Mississippi, Tennessee. **West South Central Division:** Arkansas, Louisiana, Oklahoma, Texas. **WEST REGION—Mountain Division:** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. **Pacific Division:** Alaska, California, Hawaii, Oregon, Washington.

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-20, No. 350 and Series P-25, No. 796 and unpublished data.

Population gains of over two million persons were recorded by three states in the 1970s: California (3.7 million), Texas (3.0 million) and Florida (2.9 million). During the same period, the highest rates of population increase were found in the thinly populated Western Mountain States of Nevada (63.5%), Arizona (53.1%) and Wyoming (41.6%), as well as in Florida (43.4%).

With few exceptions, most states in the lower tier of the Northeast Region, the North Central Region and the Middle Atlantic Division grew at rates below that for the country as a whole. Rhode Island, New York and the District of Columbia actually lost population during the past decade.

Much of the difference in regional growth patterns can be traced to interregional migration trends. For example, between 1975 and 1979, over one million more people moved to the South than away from it to other regions. The North Central Region, on the other hand, lost nearly a million residents as the result of migration.[5]

2. The next decade will most likely see a continued increase in nonmetropolitan and suburban populations and a decrease in central city residents.

Metropolitan area data are divided into central city and surrounding suburban figures. (See Table 5.) The 1960s were characterized by high metropolitan growth of 17% with rapid suburban expansion (27%) and a much lower rate of increase for central cities (7%). Nonmetropolitan areas grew at about the same pace as central cities during this time.

From 1970 to 1979, metropolitan areas gained more residents than nonmetropolitan areas, but the latter counties grew at a faster pace, a change from earlier trends. Central cities, as a whole, lost population.

Table 5.

Metropolitan and Nonmetropolitan Residence, 1970 and 1979

	1970	1979	Change, 1970 to 1979	Percent Change 1960-1970	Percent Change 1970-1979
Metropolitan areas	137,058	145,382	8,324	16.6	6.1
In central cities	62,876	60,565	-2,311	6.5	-3.7
Outside central cities	74,182	84,817	10,635	26.7	14.3
Nonmetropolitan areas	62,761	69,927	7,166	6.8	11.4
Total	199,819	215,309	15,490	13.3	7.8

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-20, No. 350.

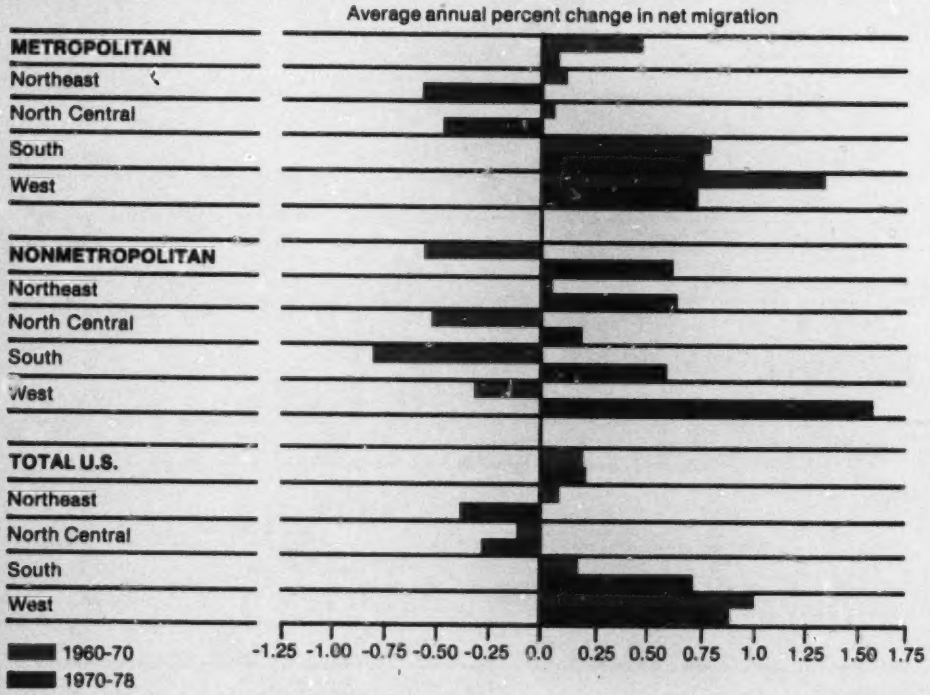
[5]U.S. Bureau of the Census, *Current Population Reports*, Series P-20, No. 350.

Major shifts in migration over the last 10 years have been a decisive factor in the changing patterns of metropolitan and nonmetropolitan growth. For example, large urban centers of over three million inhabitants found more people moving out than moving in for the first time during the 1970s. These areas showed an average annual loss of 0.49% due to migration between 1970 and 1978, compared to a yearly gain of 0.44% for the earlier decade. Migration trends for nonmetropolitan areas also reversed, from a net loss of 0.58% during the 1960s to an average annual gain of 0.61% between 1970 and 1978.

Regional differences in metropolitan/nonmetropolitan migration patterns are also shown in Figure 11. The South is the only region in which net migration to metropolitan areas outpaced that to nonmetropolitan areas from 1970 to 1978.

Figure 11.

Net Migration for Metropolitan and Nonmetropolitan Counties by Region, 1960-1978



SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-20, No. 350.

HOUSEHOLDS

1. The number of households has been growing at a rate faster than the population, a trend likely to continue through the 1980s.

Between 1970 and 1980 the number of households in the U.S. rose 25%, more than twice the rate of general population increase during that period.

Table 6.

Households by Type, 1970-1995

		Percent of All Households		
		Family Households		
	Total Number Households (in 1,000s)	Married Couple %	Other Family, Male/Female Householder %	Nonfamily Households %
March 1970	63,401	71	11	19
March 1980*	79,080	61	13	26
Projected July 1985				
Series A	39,705	58	14	28
Series B	88,565	59	14	28
Series C	88,514	58	14	29
Series D	86,393	61	13	26
Projected July 1990				
Series A	98,950	55	15	31
Series B	96,653	57	14	29
Series C	96,792	55	15	31
Series D	92,394	61	13	26
Projected July 1995				
Series A	107,528	52	16	32
Series B	103,856	55	15	31
Series C	104,194	52	15	32
Series D	97,18[illegible]	60	13	27

*Preliminary Figures.

NOTE: Percentages may not total 100% due to rounding.

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-20, No. 35[illegible] and P-25, No. 805.

The Census Bureau compiled a series of household and family projections to 1995 based on different assumptions about the continuation of recent trends in household and marital status and the future age and sex structure of the population. From 79.1 million households in 1980, the 1990 figure could increase to between 92.4 million and 99 million, according to the various projections. The anticipated rates of increase of households over this next decade range from 17% to 25%. These projections reflect rates of household increase about the same or slightly less than those of the 1970s but still higher than the mid-level Census total population increase of 9.5% projected for the 1980s.

2. Proportionately fewer households in the next decade will be composed of married couples and more of individuals living alone or with unrelated persons.

The increase in households in the 1970s was largely due to the expansion of nonfamily households, the majority of which were formed by persons living alone.[6] The number of nonfamily households rose by 73% from 11.9 million to 20.7 million between 1970 and 1980. (See Table 6, page 18.) As a proportion of all households, those of persons living alone or unrelated persons living together reached 26% in 1980, up from 19% in 1970.

In addition to the baby boom's arrival at household-forming ages during the past decade, factors in the surge in nonfamily households include the increasing tendency of young adults to move away from the parental home at an earlier age, postponement of marriage, continued high incidence of divorce and increasing numbers of older persons living alone.[7] The rise in nonfamily households is likely to continue in the 1980s but at a pace hinged on changes in patterns of marriage and divorce. The highest projection series imagined by the Census Bureau forecasts a growth of nonfamily households of 46%, from 20.7 million in 1980 to 30.2 million in 1990, a slower rate of change than during the 1970s.

Single parent households also increased from 11% of all households in 1970 to 13% in 1980. Another view of this phenomenon illustrates the tremendous changes in single parent households over the past decade: the number of such households maintained by women rose from 5.5 million in 1970 to 8.5 million in 1980 — a growth of 55%.

Married couple households also continued to expand in number over the last decade, but at a much slower pace than nonfamily or one-parent households. As a result, the proportion of all households which were comprised of married couples dropped from 71% in 1970 to 61% in 1980. The married couple household will still be the predominant type of living

[6]U.S.Bureau of the Census, *Current Population Reports*, Series P-20, No. 350.

[7]Ibid.

arrangement in 1990 but, if current trends continue, will make up a smaller proportion of all U.S. households than it does now.

3. During the 1980s, the fastest growing segment of households will be those with householders between 35 and 44 years of age, the leading edge of the baby boom generation.

In comparison to all households which grew 25% in the 1970s, the number maintained by persons 30 to 34 years of age rose at more than twice that rate (60%). Younger families with householders under 25 years old and those 25 to 29 years also increased faster than households in general, 47% and 45% respectively.

Patterns of growth in the age composition of householders will mirror patterns in the population in general. In addition to the high growth segment of households maintained by 35- to 44-year-olds, those led by persons 30 to 34 years old and persons 65 years and over will show considerable gains in the 1980s. The number of households led by persons under 25 years of age, on the other hand, will rise very little or possibly decline between 1980 and 1990. In the early 1990s, attention will be focused on growing numbers of middle age families, with householders between 45 and 54 years of age.

Table 7.

Age of Householder, 1970-1995

			Projections**			
			1990		1995	
Age	1970*	1980*	Low	High	Low	High
Under 25	4,341	6,362	5,793	7,112	5,573	7,597
25-28	6,152	8,912	9,962	11,261	8,845	10,736
30-34	5,600	8,986	11,239	12,467	11,142	13,063
35-44	11,785	13,910	19,940	21,034	21,986	23,837
45-54	12,340	12,576	13,841	14,514	16,955	18,198
55-64	10,831	12,181	12,202	12,315	12,091	12,229
65-74	7,606	9,938	11,602	11,924	11,936	12,400
75+	4,748	6,215	7,815	8,324	8,652	9,467
Total	63,401	79,080	92,394	98,950	97,180	107,528

NOTE: Figures may not add to totals due to rounding.

*As of March.

**See U.S. Bureau of the Census, *Current Population Reports*, Series P-25, No. 805 for methodological details of projections.

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-20, No. 357 and Series P-25, No. 805.

EMPLOYMENT

1. Growth in the labor force over the next 15 years will not match the tremendous increase of the last decade.

Between 1970 and 1980, 22 million persons were added to the ranks of U. S. civilians 16 years of age and older who were working or looking for a job. This figure represents a 10-year gain of nearly 27%, averaging 2.7% each year. Not all persons wanting a job actually found one: the number of unemployed workers rose from 4.1 million in 1970 to 7.4 million in 1980.

The Bureau of Labor Statistics, in all three of its future scenarios, predicts a somewhat slower growth of the labor force to 1995. The labor force is projected to increase from 104.7 million in 1980 to between 121.7 million and 134.8 million in 1995. This represents a 15-year rise of 16% to 29% (or 1.0% to 1.9% annual average increases).

Table 8.

Civilian Labor Force, 1970-1995

		Persons 16 Years and Older (in millions)		
		Women	Men	Total
1970		31.5	51.2	82.7
1980		44.6	60.1	104.7
Projections				
Low	1985	49.2	62.5	111.7
	1990	53.5	63.9	117.4
	1995	56.8	64.9	121.7
Medium	1985	51.4	63.6	115.0
	1990	56.5	65.9	122.4
	1995	59.9	67.6	127.5
High	1985	53.4	64.8	118.3
	1990	59.9	68.2	128.1
	1995	63.9	70.8	134.8

NOTE: Figures may not add to totals due to rounding.

SOURCE: U.S. Bureau of Labor Statistics, *Employment and Earnings*, January 1981; Howard N Fullerton, Jr., "The 1995 Labor Force: A First Look," *Monthly Labor Review*, December 1980.

One reason for the wide range of the projections is the difficulty of predicting the future behavior of several key groups. Future work choices of women and older Americans, for instance, are subjects of considerable debate among labor analysts.

2. A major change in the age composition of the labor force will take place in the next 15 years as the baby boom generation settles into its prime work years.

The 1970s will stand out as the decade in which the civilian labor force was inundated with unprecedented numbers of young workers. Between 1970 and 1980, the fastest growing segment of the labor force was that 16 to 24 years old, increasing 38%. In comparison, the number of persons in the prime work years between 25 and 54 rose 29.6% during that time and those aged 55 and over increased 2%.

The 1980s will demonstrate very different patterns of growth. The "baby bust" children will develop into a smaller pool of entry level workers in the 1980s than the post-war baby boom cohort did in the 1970s. According to the U. S. Bureau of Labor Statistics' midrange projections, the number of youths 16 to 24 years old in the labor force in 1990 will be 8% lower than that in 1980 and will comprise a smaller proportion of the labor force, as seen in Table 9. The number of 25- to 54-year-old labor force participants, on the other hand, is expected to rise 31%; those 55 and older will decline by 4%. The same general pattern will likely continue into the mid-1990s.

Table 9.

Age Distribution of the Civilian Labor Force, 1970-1995

	Age			
	16 to 24 Years %	25 to 54 Years %	55 Years & Older %	Total %
1970	21.6	60.9	17.5	100
1980	23.5	62.4	14.1	100
Mid-Range Projections:				
1985	21.3	65.8	12.9	100
1990	18.5	70.0	11.6	100
1995	17.1	72.0	10.9	100

NOTE: Percentages may not total 100% due to rounding.

SOURCE: U.S. Bureau of Labor Statistics, *Employment and Earnings*, January 1971 and January 1981; Howard N Fullerton Jr., "The 1995 Labor Force: A First Look," *Monthly Labor Review*, December 1980.

As a result of these age trends, American society will have more workers and fewer people dependent on them for the next several decades. The economic dependency ratio—the number of nonworkers of all ages in the population per 100 persons 16 years and older in the labor force—dropped from 151.8 in 1965 to 110.1 in 1979, and the ratio is likely to drop further. The Bureau of Labor Statistics' middle and high projections suggest the number of dependents in the population will fall below the number of workers in the 1980s and the 1990s. Future retirement decisions by older Americans and decisions by women to bear children and to participate in the labor force will have a strong influence on how the economic dependency ratio develops.

Looking farther ahead into the 21st century, the baby boom generation will begin to swell the ranks of older Americans in the second decade. This event should inflate the ratio of dependents to workers once again, though perhaps not to the levels of the 1960s.[8]

Table 10.

Economic Dependency Ratio,* 1965-1995

		Projected**		
	Actual	Low	Middle	High
1965	151.8	—	—	—
1970	138.5	—	—	—
1975	125.4	—	—	—
1979	110.1	—	—	—
1985	—	104.5	98.8	93.5
1990	—	103.4	95.6	87.0
1995	—	104.1	94.5	84.0

*The number of persons of all ages who are not in the labor force per hundred persons in the labor force.

**Three labor force projection scenarios were developed by the Bureau of Labor Statistics: "low" reflects a moderate increase in the participation of women and the continued divergence in male participation between Whites and Blacks; the "middle" scenario bases the expansion of the labor force on women's employment increases; and "high" reflects a rapid growth of women's participation and a pattern of convergence between Black and White men.

SOURCE: Howard N Fullerton, Jr., "The 1995 Labor Force: A First Look," *Monthly Labor Review*, December 1980.

[8]Howard N Fullerton, Jr., "The 1995 Labor Force: A First Look," *Monthly Labor Review*, December 1980.

3. With the number of young entry-level workers ebbing, women may be important to labor force expansion in the 1980s.

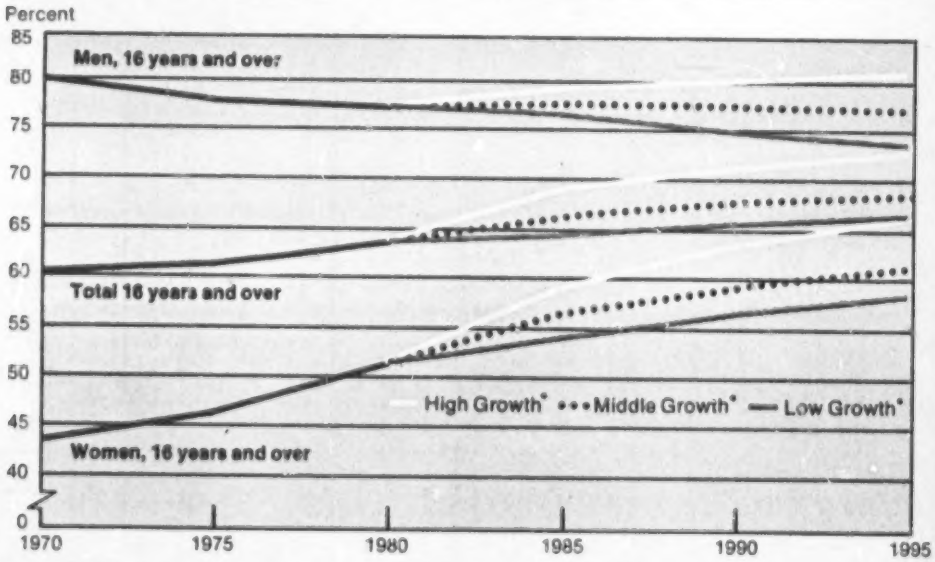
A tremendous burst of growth took place in the women's labor force in the 1970s. Women accounted for 6 of every 10 additions to the labor force between 1970 and 1980, while increasing their representation in the civilian labor force from 38% in 1970 to 43% in 1980.

In general, labor force participation rates of women have been climbing quickly and those of men have been falling. Most experts agree this trend will continue for a while, but perhaps at a slower pace, then level off before women's participation would become greater than that of men—an unlikely event. Government projections of women's labor force participation rate in 1990 range from 56.4% to 63.2% of women 16 years and over, up from 51.6% in 1980. By 1995, women's rates might reach between 57.9% and 65.2%.

Further declines in the labor force participation rate of men, by comparison, are predicted in two of the three government scenarios. The third projection allows a slight increase in male labor force involvement.

Figure 12.

Civilian Labor Force Participation Rates, 1970-1995



*Refer to description of low, middle and high growth scenarios, Table 10.

SOURCE: U.S. Bureau of Labor Statistics, "Employment Perspective: Working Women," Report 643 and *Employment and Earnings*, January 1981; Howard N Fullerton, Jr., "The 1995 Labor Force: A First Look," *Monthly Labor Review*, December 1980; and unpublished data.

The labor force of the 1980s will most likely include an increasing number of married women, particularly those with children. By 1990, two-thirds of all married women between the ages of 16 and 54 may take part in the labor force, compared to a little over one-half in 1977. This figure represents a numerical increase of over 10 million married women, 8 million of whom are mothers of children under 18 years of age.

Table 11.

Labor Force Participation of Women, Aged 16-54 by Marital Status and Presence of Children, March 1977 and Projections to 1990

	Number in Labor Force (in thousands)		Participation Rate	
	1977	1990	1977	1990
Never married	9,028	9,464	61.2	68.8
Married, spouse present	19,484	29,600	54.0	66.7
No children under 18	7,527	9,561	65.3	73.9
Children 6-17 only	7,519	12,520	56.6	70.1
Children under 6	4,438	7,519	39.3	55.3
Other, never married	5,415	7,062	70.9	75.0
No children under 18	2,473	3,063	76.8	81.9
Children 6-17 only	2,108	2,865	72.6	73.8
Children under 6	834	1,134	54.9	63.4
Total, 16-54 years old	33,927	46,126	58.0	68.3

SOURCE: Ralph E. Smith, *Women in the Labor Force in 1990*, Washington, DC, The Urban Institute, 1979. Used with permission of the copyright.

INCOME

1. Median household income showed virtually no overall gain after inflation in the 1970s but per capita income rose 20% between 1970 and 1979.

The median income of households in current dollar amounts almost doubled between 1970 and 1979 from $8,734 to $16,533 but high levels of inflation throughout the decade cancelled out the apparent advancement. If median family income is reexamined, with the values adjusted for price changes, using 1977 constant dollars (adjusted to reflect the buying power of the 1977 dollar) as the base, the real gain between 1970 and 1979 was $154. (See Table 12.)

Table 12.

Household Median Income and Per Capita Income, 1970-1979 (in constant 1977 dollars)

	Household Median Income	Per Capita Income
1970	$13,630	$5,002
1971	13,509	5,071
1972	14,046	5,422
1973	14,335	5,590
1974	13,759	5,478
1975	13,286	5,367
1976	13,504	5,557
1977	13,572	5,730
1978	14,000	5,917
1979	13,784	5,950

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-60, Nos. 117 and 121; Series P-23, No. 110 and unpublished data.

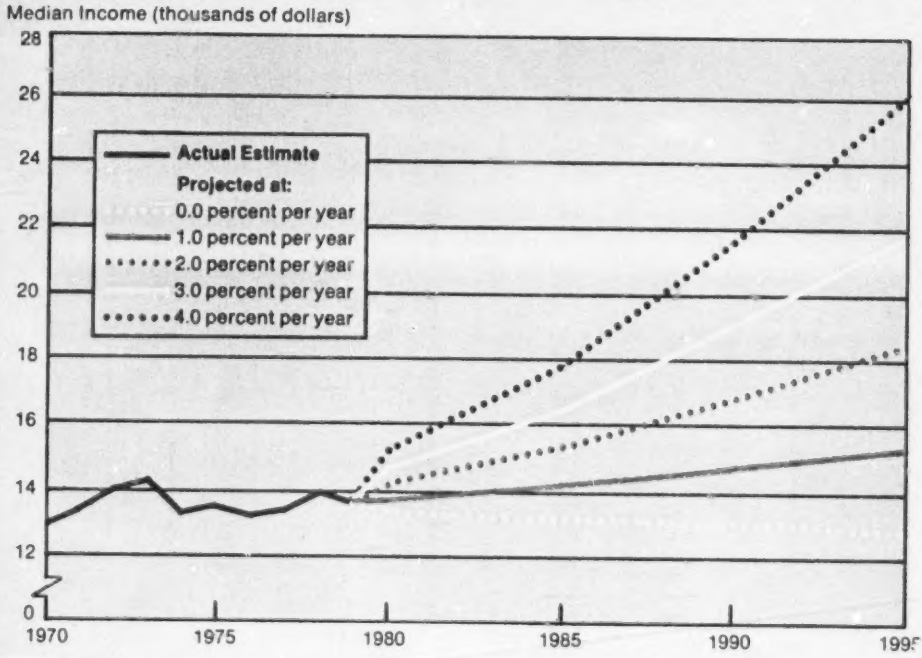
Per capita income figures present a more optimistic picture. After taking inflation into account, per capita income grew by almost $1,000 between 1970 and 1979.

The above household income trends reflect some of the changes that have occurred in household structure in past years. The drop in average household size, for example, has resulted in higher per capita income within households. On the other hand, the increase in one-person households, many of which are young wage earners or retirees with low incomes, brings down the median household income figure.

Figure 13 illustrates five scenarios of median household income to 1995. Prepared by the Census Bureau to reflect a yearly growth in income from 0% to 4%, the projections result in 1995 median household incomes ranging from less than $13,000 to $26,000 in 1977 constant dollars.

Figure 13.

Median Income of All Households, 1970 to 1978 With Projections to 1995
(in constant 1977 dollars)



SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-60, No. 122.

2. The proportion of households with yearly incomes of $25,000 and over (in constant 1977 dollars) will increase more rapidly in the next 15 years than households with less income.

In 1970, about 16% of American households were making $25,000 or more a year in constant 1977 dollars. By 1985, that proportion could grow to between 20% and 30%, according to the Census Bureau projections presented in Table 13. Assuming a 3% annual growth rate of household income, nearly 44% of all households would be annually earning $25,000 or more in 1977 dollars by 1995.

The increasing number of two-earner families is no doubt a factor in the rising proportion of households making incomes over $25,000. Between 1970 and 1979, the proportion of married couple families in which both husband and wife were earners climbed from 46% to 51%. (See Table 14.)

Meanwhile, the family where the husband alone is the breadwinner continues to become less common, representing 26% of all married couple families in 1979 as compared to 34% in 1970.

Table 13.

Households by Constant 1977 Dollar Income, 1970-1995

			1985		1995	
	1970	1977	1.0% growth rate	3.0% growth rate	1.0% growth rate	3.0% growth rate
Under $5,000	17.1	16.5	15.9	12.8	14.7	7.5
$5,000 to $9,999	18.7	20.3	19.5	17.2	18.5	14.7
$10,000 to $14,999	19.6	18.0	16.9	15.1	15.9	12.2
$15,000 to $19,999	19.8	15.6	15.4	14.3	14.1	11.1
$20,000 to $24,999	9.1	11.5	11.4	11.8	11.4	10.4
$25,000 to $49,999	15.6	16.1	18.5	24.8	22.0	32.8
$50,000 and over		2.1	2.5	4.3	3.5	11.0
Total (percent)	100.0	100.0	100.0	100.0	100.0	100.0
Total (in 1,000s)	64,778	76,030	88,514	88,514	104,194	104,194

NOTE: Percentages may not total 100% due to rounding.

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-60, Nos. 122 and 117.

Table 14.

Number of Earners in Married Couple Families, 1970 and 1979

	March 1970		March 1979	
	Number (in 1,000s)	Percent	Number (in 1,000s)	Percent
No earners	3,022	7	5,101	11
One earner	16,268	37	14,173	30
Husband only	(15,133)	(34)	(12,194)	(26)
Two or more earners	25,145	57	28,418	60
Husband and wife	(20,327)	(46)	(24,253)	(51)
Total married couple families	44,436	100	47,692	100

NOTE: Numbers may not add to totals due to rounding.

SOURCE: Beverly L. Johnson, "Marital and Family Characteristics of the Labor Force, March 1979," *Monthly Labor Review*, April 1980.

SOME IMPLICATIONS FOR LIFE INSURANCE COMPANIES

The life insurance business—although unified in its goal to provide financial protection for policyholders—is composed of companies with widely varying markets and products. The population changes outlined in *DataTrack 8* will not impact equally on all life insurance companies. Thus, the following list of implications is compiled as a starting point for further interpretation and discussion.

TREND: Post-World War II baby boom is reaching middle age.

IMPLICATIONS:

- Baby boom generation workers will be entering their most productive period in the 1980s. The work force will be older and more experienced than that of the 1960s and 1970s—a promising indication for productivity increases. However, competition for mid-management jobs will intensify, resulting in a "promotion squeeze" with comparatively lower wages and greater mid-life career frustrations than previous generations. A possible loss in motivation for some mid-management hopefuls could partially offset productivity gains. The situation could be complicated by a reversal of early retirement trends if Social Security benefits are cut back and as more older workers choose to work longer to cope with inflation. Serious personnel problems could erupt with strains between frustrated baby boom employees and older workers becoming more intense. Innovative plans by management will be needed to solve possible problems of sagging motivation levels and intergenerational conflicts.

TREND: The number of persons 65 years and older, making up a steadily larger proportion of the population in the next several decades, will increase significantly in the 21st century.

IMPLICATIONS:

- As people age, their life insurance needs and service demands change. Older people are less likely to buy life insurance than younger people, but will require services on their existing policies or help with retirement planning. How are life insurance companies and agents planning to support this increased demand on their services?
- With continuing low birthrates, older people in the future will have fewer family members to rely on for social and economic support, and there will be more older people with parents. Adequate financial planning for retirement years will be of even greater importance to many older people with no or small families or with parents to support.
- Declining fertility rates will result in a top-heavy, aging, population pyramid. An increasing proportion of older Americans in the population will be dependent on the economic support of a decreasing percentage of younger workers. If Social Security benefits are narrowed, will more workers turn to private pensions and other savings plans for retirement financial security?

TREND: The "baby bust" cohort of the mid-1960s and 1970s is approaching its teenage and young adult years.

IMPLICATIONS:

- Fewer young, inexperienced workers will be entering the labor force. The high unemployment rates of youth—characteristic of the 1960s and 1970s—may ease in many places. Northern cities, however, facing losses of industries to the West and South and cutbacks of government programs—e.g. CETA, Youth and Young Adult Conservation Corps—which typically employ young people, may find continuing high unemployment among youth.
- Fewer entry-level workers may increase the need for further automation of the life insurance business. As the growth in the labor force slackens, what can be done to better recruitment efforts for agents and to improve the drawing power of careers in life insurance?
- Six out of 10 ordinary life insurance policies purchased in 1978 were bought on the lives of individuals 15 to 34 years old, according to figures from the Life Insurance Marketing and Research Association. Although the number of 25- to 34-year-olds (those born in the last years of the baby boom) will continue to grow in the 1980s, the baby bust will result in a decrease in the number of persons in the prime life insurance buying years of 15 to 34 during the 1990s.

TREND: The population of the U. S. is moving toward the South and West, nonmetropolitan and suburban areas, and is becoming less concentrated.

IMPLICATIONS:

- Migration of population and industries opens new opportunities for insurance carriers in certain growing areas of the country and poses problems of maintaining performance standards in parts of the nation that are stabilizing or declining in population. How well are companies keeping up with demand for products and services in expanding areas? Should more regional home offices be opened or be relocated closer to growing markets?
- As population disperses to less densely settled areas and as energy and other costs involved with traditional one-to-one distribution systems increase, less cost-intensive sales methods will become more attractive. Incentives will grow for new, efficient technology-based distribution methods and group-oriented systems. Are present marketing systems adequate for these changes?
- Some rapidly growing areas are experiencing problems of overgrowth—exhausting local labor supplies, inflating housing prices, straining community services and forcing those who cannot afford rising taxes to move. To what extent are life insurance companies alert to such possibilities?

TREND: The number of Blacks and Hispanics in the U. S. population is growing more rapidly than the majority White population.

IMPLICATIONS:

- Ethnic and racial minorities—generally younger on average than the rest of the population—provide opportunities for many businesses to broaden traditional

markets in the decades ahead. Are life companies availing themselves of information from market consulting firms on minority spending patterns and marketing approaches to special groups?

- Growth in minority populations represents greater opportunities for life insurance companies to invest in minority communities and businesses.

TREND: Nonfamily households and one-parent families are becoming a larger share of all households and married couple households, while still a majority, are becoming a smaller proportion.

IMPLICATIONS:

- Consumer demands likely will increase for a wider range of housing, goods and services to accommodate different types of households. Life insurance companies and other businesses with products designed for the traditional household form of one-earner, married couple will find the growth of traditional markets slowing. Are specific products being developed to keep up with the expansion of nontraditional markets such as one-parent families, unmarried couples or other unrelated persons sharing housing?
- More people are finding themselves in a series of different living arrangements and family relationships throughout their lives. This suggests a need for flexible financial protection products that can adapt easily to changes in lifestyle.

TREND: Increasing proportions of households earn $25,000 or more.

IMPLICATIONS:

- Households with incomes considerably above the average have different consumption and savings patterns than other households. Although above-average income earners have more income to protect, they also may have different financial protection priorities. Estate planning, for example, could be of greater concern than income protection for some families.

TREND: The proportions of working women, mothers and two-earner households in the population are on the rise.

IMPLICATIONS:

- New approaches to job benefits will be needed as more workers become part of multiple-earner families: current examples include expanded life and health insurance coverage, benefits to part-time and part-year workers, and individually chosen packages ("cafeteria-style").
- There may be an increased need for corporate-financed child care as budgets of government-sponsored programs are tightened or eliminated. The availability of flexible benefit packages would avoid possible resentment among those who have no need for child care.
- Two-earner households are becoming increasingly important market segments for income protection products.

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Definitions

BIRTH RATE (or crude birth rate) — The number of births for a specific number of the population in a given time period.

COHORT — A group of people sharing some demographic experience like the same birth year or period of years. **BABY BOOM COHORT** — Those persons born during the period of high birth rates, roughly from 1946 to 1964. **BABY BUST COHORT** — Those born during the period of low birth rates from the mid-60s through the 1970s.

CONSTANT DOLLAR INCOME — Income adjusted for price changes.

DEATH RATE (or crude death rate) — The number of deaths for a specific number of the population in a given time period.

FAMILY — Two or more persons related by blood, marriage or adoption and living together in a household.

GENERAL FERTILITY RATE — The number of live births per 1,000 women aged 15-44 years in a given time period.

HOUSEHOLD — All persons who occupy a housing unit, including related and unrelated persons.

HOUSEHOLDER — Beginning with the 1980 Census, the first adult household member listed on the Census questionnaire, one of the persons in whose name the home is owned or rented. The term replaces "head of household," which was limited in married couple families to men only.

LABOR FORCE PARTICIPATION RATE — Of all members of the population ages 16 and over, the proportion who are working or looking for work.

NONFAMILY HOUSEHOLD — A person living alone or a group of unrelated persons living together.

REPLACEMENT LEVEL FERTILITY — The average number of births women in a certain population would have to have in their lifetime to replace themselves in the population. In the U.S. the replacement level fertility is 2.12 births per woman. A population does not stop increasing immediately, however, when it reaches or goes below this rate. Rather, a high concentration of women in child bearing ages in a population would mean continued growth for some years before population numbers became stable.

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